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TAGS: [PGOV](#) [PHUM](#) [KTIA](#) [KTIP](#) [ELAB](#) [CI](#)
SUBJECT: CHILE'S CONGRESS: PRIORITIES AND HOPES FOR U.S.
PARTNERSHIP

REF: A) Santiago 515
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¶1. (SBU) Summary. The new leaders of both houses of Chile's Congress are interested in strengthening ties with the U.S., and hope to visit Washington in September and re-invigorate the moribund U.S.-Chile Senate Caucus. Electoral reform; transparency and anti-bribery legislation required for OECD accession; intellectual property rights; and fiscal stimulus packages are all issues of importance to the U.S. during this legislative session. Poloffs have lobbied on behalf of legislation to outlaw labor trafficking, which continues its slow progress through the legislature. Chile has officially joined the International Criminal Court. A potential SOFA remains stuck in the executive branch with no progress likely this year. End Summary.

Congress Hopes for Partnership with U.S.

¶2. (U) Chile's new congressional leaders -- Senate President Jovino Novoa and Chamber of Deputies President Rodrigo Alvarez, both from the center-right Independent Democratic Union (UDI) -- want to nurture closer ties to the U.S. Novoa's Chief of Staff, Nicolas Figari, approached Poloff recently asking for advice about re-starting the U.S.-Chile Senate Caucus, which was founded in 2005 but has had no activity since its founding. This year Novoa hopes to visit the Vatican in November as part of President Bachelet's delegation as well as China and the U.S. -- he hopes the U.S. will be his first trip. Alvarez is also interested in greater partnership with the U.S. Congress, including joining a potential new U.S.-Chile Congressional Caucus (to encompass and expand the old U.S.-Chile Senate Caucus) as well as making a possible trip to the U.S.

¶3. (U) Poloffs are working with Figari and U.S. Senate Foreign Relations Committee staffer (and Chilean-American) Carl Meacham to define possible focal topics for a new congressional partnership. Labor and environment cooperation -- both chapters in the U.S.-Chile Free Trade Agreement and the subject of a forthcoming General Accountability Office report -- may be the focus of the proposed cooperation. Poloffs and cabinet chiefs discussed possibilities for a Washington visit, focusing on the possibility of a September visit

by a bicameral and multi-party delegation led by Novoa and Alvarez. (Note: Congressional staffers for both leaders emphasized that any potential trip would be short and work-focused. Between accusations of government inefficiency, small-scale corruption, and recent television coverage of lazy parliamentarians, they want to ensure that any trip is seen as a productive meeting of bilateral leaders, not a boondoggle. End Note.) Poloffs are also working with Meacham to identify potential U.S. members of a renewed and expanded caucus.

Legislative Agenda: OECD Accession, Voting Reform, IPR

¶4. (SBU) Members of Congress, congressional staffers, and think tank analysts have described the following pieces of draft legislation as on the agenda for the current legislative year, all of which are important to U.S. policy goals:

--OECD Accession: Chile must pass three laws -- on bank secrecy, transparency, and corruption -- in order to join the OECD. Bachelet prominently called for Congressional support for this pending legislation in her May 21 State of the Union-style address (Ref A). Senator Andres Chadwick (UDI), chair of the Senate's Human Rights Committee and a member of the Constitutional Committee, noted Chileans find the OECD's standards for allowing tax authorities to have access to bank information to be "unusual." The main issue at stake in the proposed corruption law, according to Chadwick, is giving Chile the right to prosecute expatriate Chileans who attempt to bribe officials overseas. Members of the center-right National Renewal party (RN) say they are against legislation reforming bank secrecy. However, presidential candidate Sebastian Pinera (RN) has

asked members of Congress to support this bill.

--Electoral Reform: The Congress has approved legislation which would transition Chile from an electoral system where voter registration is voluntary but all registered voters are required to vote. Under the new system, voters would be automatically registered upon turning 18 but could choose whether or not to cast a ballot (Ref B). The proposed law would also extend voting rights to expatriate Chileans, provided that they prove some type of continuing link with Chile. Although voting reform has been a perpetual demand from the center-left governing Concertacion coalition, the Bachelet administration's enthusiasm for immediate reform has waned somewhat as polls show that opposition presidential candidate Sebastian Pinera enjoys strong support among unregistered voters. Analysts tell us that the government has quietly stopped pushing to implement electoral reform in time for the December presidential and parliamentary elections, and is now hoping for reforms to take place in time for the next major election.

--Intellectual Property Rights Legislation: Chadwick indicated that a proposed landmark copyright law is advancing through the Congress, but is more complex than legislators initially believed, particularly in the area of fair use and author's rights. Many interests are opposed to the law, Chadwick noted.

-- Further Modernization of Capital Markets: The GOC has proposed legislation that calls for corporate governance regulations that meet international standards. The reforms would promote liquidity, increase capital market depth, and better integrate Chile into international markets.

¶5. (SBU) Any legislative action on these items will likely need to be completed by September, as Congress will begin to focus on passing the budget in October. In early- to mid-November, Congress is likely to recess so members can campaign in advance of the December 13 elections.

Labor Trafficking Law: Making Slow Progress

¶6. (SBU) A law drafted and introduced by Deputy Maria Antonietta Saa (PPD) in 2002 is making slow progress in the Chilean congress. Deputy Saa, who described herself as the "congressional conscience" on women's and children's rights, told Poloffs that she consulted widely with civil society in drafting the law, which passed the Chamber in April 2007, and is pending in the Senate. According to

Saa and Chadwick, the law has progressed slowly because it was written and introduced by a member of Congress rather than the executive branch. (Note: The majority of legislation is proposed by the executive branch, and spending bills must originate there. End Note.)

¶17. (SBU) Although members of Congress agreed that Chile had generally thought of TIP as largely related to sexual exploitation and prostitution, Saa noted the GOC was now feeling international pressure to tackle labor trafficking. She noted that the UN Human Rights Council's Universal Periodic Review Working Group had urged Jose Antonio Viera-Gallo, Minister Secretary-General of the Presidency, to ensure passage of the law during a meeting in Geneva in May. Chadwick noted the head of Chile's National Women's Service (SERNAM) also supported the legislation and assured Poloffs that this support would speed the legislation's progress through Congress.

¶18. (SBU) Senator Chadwick told Poloffs that the Human Rights Committee had finished reviewing the legislation and would pass it to the Constitutional Committee. Chadwick was confident the Constitutional Committee would approve the legislation within weeks, after which final approval could be secured in the Senate within 60 days and in the House in even less time. He noted that there was no opposition to the bill.

¶19. (SBU) Saa was less optimistic, noting that "hundreds" of draft laws were awaiting review by the Constitutional Committee, including

many other laws she had drafted. Poloffs met briefly with Constitutional Committee chair Jose Antonio Gomez (PRSD), who was familiar with the legislation but unaware that it would soon reach his committee for approval. Poloffs explained the importance of the bill, but Gomez noted there were often substantial legal weaknesses in bills that reached his committee, and seemed to imply that approval could take considerably longer than Chadwick believed.

Status of Forces Agreement

¶10. (SBU) Congressional staffers told Poloffs a proposed Status of Forces Agreement (SOFA) remained stuck at the Ministries of Foreign Affairs and Defense. Given other legislative priorities and electoral year politics, they felt it was unrealistic to hope for substantial progress on SOFA passage this year.

International Criminal Court

¶11. (U) On June 29 Chile acceded to the ICC. Chile's accession took place after the Chamber of Deputies passed implementing legislation by a wide margin. FM Fernandez recently announced Chile may present a candidate to serve as a judge on the court.

¶12. (U) Before June, Chile had been the only Latin American country not to join the ICC. Accession to the Treaty of Rome had strong support. Some leading socialist Senators recently said such a move was a "strong debt that Chile had towards the human rights and international law communities." Some government officials publicly suggested that Chile's accession to the ICC would help its pending border dispute case at the Hague, though most insist the two issues are unrelated.

¶13. (SBU) COMMENT: Chile's Congress has just a few months left before becoming consumed with passing a budget and full-time campaigning. President Bachelet has already accomplished much of her broad social agenda, and is now trying to wrap up loose ends including OECD accession and fiscal stimulus measures. Deputy Saa and Senator Chadwick welcomed Post's interest in the labor trafficking law. Saa promised to re-invigorate her efforts to push the legislation through Congress. Post will continue to track key legislative initiatives, determine where Embassy expressions of interest and support can be beneficial, and nudge as appropriate. END COMMENT.